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NASA Procedural Requirements

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NPR 9470.1

Effective Date:
December 24, 2008

Expiration Date:
December 24, 2013

[Printable Format \(PDF\)](#)

Request Notification of Change

(NASA Only)

Subject: Budget Execution

Responsible Office: Office of the Chief Financial Officer

| [TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) |
[Chapter6](#) | [AppendixA](#) | [AppendixB](#) | [AppendixC](#) | [AppendixD](#) | [AppendixE](#) |
[AppendixF](#) | [ALL](#) |

Chapter 1. Budget Execution

1.1 Overview

1.1.1 Execution is the last phase in the National Aeronautics and Space Administration (NASA) Planning, Programming, Budgeting, and Execution (PPBE) process of resource alignment and control and is the process by which the financial resources made available to the Agency are directed and controlled toward achieving the purposes and objectives for which the budget was approved.

1.2 Agency Requirements

1.2.1 NASA shall conduct budget execution activities in compliance with all legal and regulatory requirements for the purpose of achieving the Agency's vision and mission.

1.2.2 The Agency Chief Financial Officer (CFO) and Agency Deputy CFO shall lead the Execution Phase of PPBE.

1.2.3 NASA shall develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls, which meets the requirements of the CFO Act of 1990 and any other legal or regulatory requirements.

1.2.4 All managers and employees with financial management responsibilities shall comply with the requirements for budget execution set forth in law, regulations, and Agency policy and requirements.

1.3 Roles and Responsibilities

1.3.1 General roles and responsibilities within the Agency are listed below. More specific responsibilities may be found within the NPR where particular processes are described.

1.3.1.1 NASA Administrator. Lead the Agency toward achieving its mission, articulates the Agency's vision, sets program and budget priorities, approves internal policies, and assesses Agency performance.

1.3.1.2 Agency CFO. Direct, manage, and provide policy guidance and oversight of all Agency financial management personnel, activities, and operations, including those performed outside the CFO community. Ensure resources are aligned and executed on the basis of strategic alignment with the Agency mission and Vision for Space Exploration. Develop and maintain an integrated Agency planning, budgeting, performance reporting, accounting, and financial management system.

1.3.1.3 Agency DCFO. Provide policy and procedural requirements relating to oversight of financial management personnel and day-to-day financial management activities and operations.

1.3.1.4 Program Analysis and Evaluation (PA&E). In coordination with the Office of the CFO (OCFO), ensure that budget execution is consistent with the Agency's strategic investment decisions.

1.3.1.5 Mission Directorates. Oversee program/project execution and, in that capacity, develop and maintain their mission's Operating and Execution Plans, allocate budget authority and other resources to programs and projects, and monitor the status of financial, as well as and program, performance. Programs are delegated to the Centers to execute, and the resources are allocated accordingly.

1.3.1.6 Center CFOs. Develop any financial management policy for the Center that may be needed to support Agency policy and manage the Center's financial operations, including budget execution.

1.3.1.7 Inspector General. Oversee all execution activities related to the NASA Office of Inspector General appropriation.

1.3.1.8 All NASA Employees Authorized to Obligate Funds. Ensure that obligations are within the scope of their authority, consistent with amounts in their custody, and consistent with the purposes for which funds have been appropriated, and that the obligations are made in compliance with law, regulations, and Agency policy.

1.4 PPBE and Budget Execution

1.4.1 The PPBE process of resource alignment and control is a comprehensive, top-down approach to support the Agency's vision and mission. It includes complete budget formulation, development of fully executable Agency Operating and Agency Execution Plans, and ends with execution of the budget during performance. As mentioned, Execution is the final phase of PPBE, as illustrated in Figure 1-1.

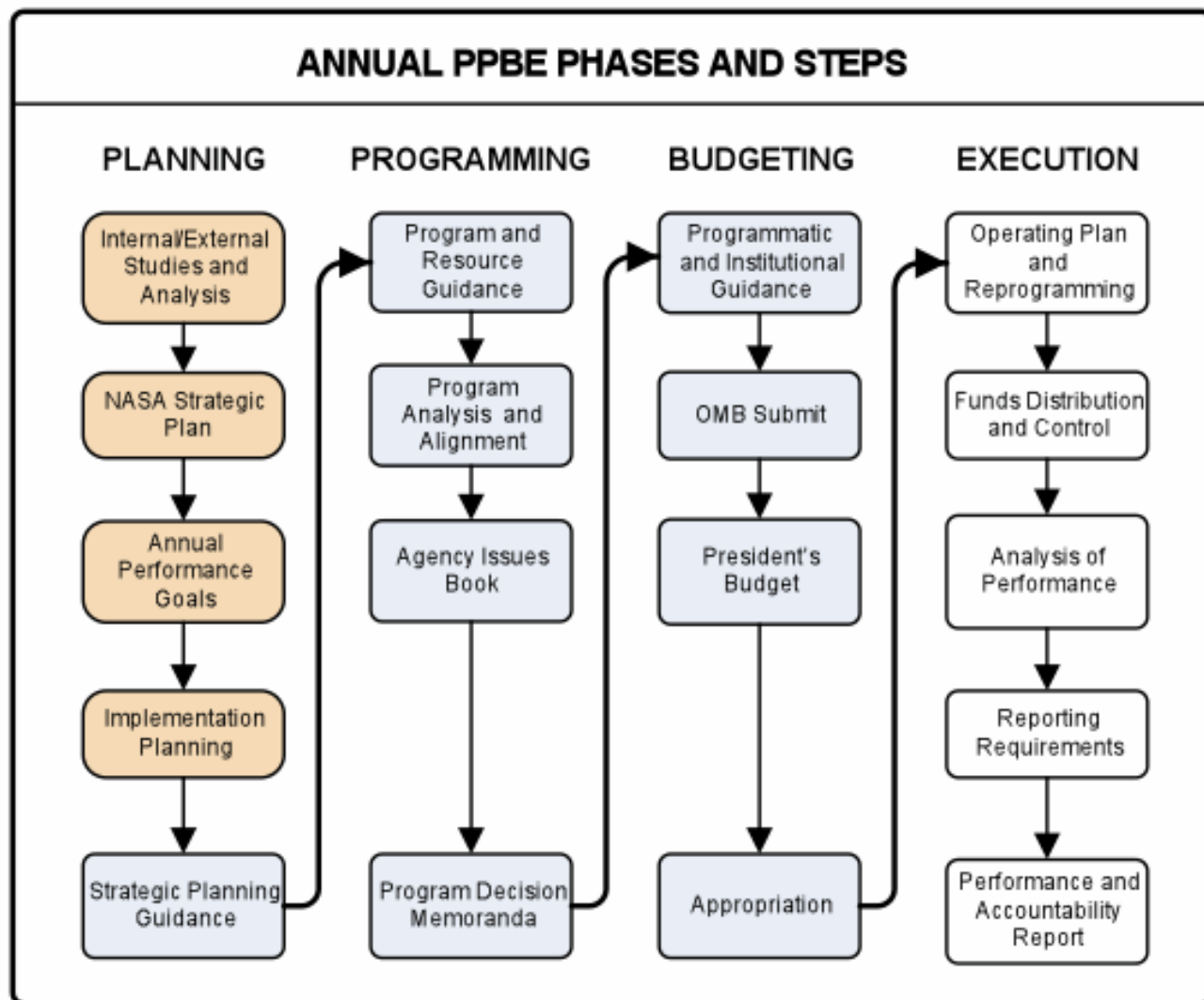


Figure 1-1, Annual PPBE Phases and Steps

1.4.2 All of the PPBE steps have actions performed on an annual basis, but some steps will be dealing with different fiscal years than others at any given time during the process. While the first three phases of PPBE deal with different future years, Execution deals with the current and prior years and is the focus of this NPR.

1.5 External Requirements

1.5.1 The Office of Management and Budget (OMB) Circular No. A -11 sets forth procedures for execution of the budget. Execution lasts for the current period, in which funds are available for new obligations, and the five subsequent years, in which they are expired and available only for within scope adjustments, and includes two components.

a. The apportionment component pertains to funds appropriated for the fiscal year and to balances of appropriations made in prior years that remain available for obligation. Agencies submit apportionment requests for each budget account to OMB by August 21 each year or within 10 calendar days of approval of the appropriation. At the beginning of each fiscal year, OMB apportions funds that is, it specifies the amount of funds that an Agency may use by time period, program, project, or activity. Throughout the year, agencies obligate and expend the apportioned funds to carry out their approved programs, projects, and activities. An Agency may request reapportionment during a

fiscal year if its business needs require an adjustment in how it will use funds.

b. The reporting and outlay component lasts until funds are cancelled (one- and multiple-year funds are canceled at the end of the fifth year after the funds expire for new obligations) or until funds are totally expended (for no-year funds). Agencies must record obligations and outlays pursuant to administrative control of funds procedures contained OMB guidance.

1.5.2 In addition to OMB requirements, there are numerous laws which govern the use of Federal funds. These authority references and a description of how each applies to budget execution are provided in Appendix C. The legal requirements most often cited are found in Title 31, U.S.C., Chapters 13 and 15, which include the Antideficiency Act (ADA) and related requirements.

1.6 Budget Authority

1.6.1 Budget authority is the authority to incur financial obligations that will result in outlays. When the Agency apportions, allots, or further distributes funds through the funds distribution process, it is delegating budget authority down to the organizational level that will execute it.

1.6.2 Forms. There are four basic forms of budget authority: appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. NASA only has appropriations and spending authority from offsetting collections. Both reimbursable funds and the Working Capital Fund use spending authority.

1.6.3 Phases. The life cycle of budget authority consists of three phases: the unexpired phase (current or available period), the expired phase, and the canceled (closed) phase, and there are different, specific requirements and limitations for the funds and their use during each phase.

1.6.3.1 Unexpired Phase. This is the time period during which budget authority is available for incurring "new" obligations. For example, "new" grants or contracts may be signed during this phase, and disbursements may be made to liquidate the obligations. This phase lasts for a set number of years provided in the appropriations (one year, two year, etc.), although no-year authority lasts for an indefinite period of time. If deobligations (called recoveries) occur during this phase, the deobligated funds may be used for new obligations if apportioned.

1.6.3.2 Expired Phase. This is the time period during which budget authority is no longer available for new obligations but is still available for liquidating existing obligations by making disbursements. This phase lasts five years after the last unexpired year, unless lengthened by legislation. Budget authority, including funds that become available through deobligation, is available for upward adjustments on obligations properly chargeable to the account, but not for "new" obligations, such as an increase in the scope of a project or signing a new contract. ADA restrictions, which are discussed in detail in NPR 9050.3, "The Antideficiency Act," still apply down to level of formal subdivision (i.e., allotment and suballotment (if issued)). However, unobligated balances may be pulled back below the apportionment level during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account within the same appropriation and apportionment. Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment, and increasing an allotment or suballotment (if issued) does not eliminate

any ADA violation that may have occurred.

1.6.3.3 Canceled Phase. After the last expired year, an account is closed, and the balances and authority to disburse are canceled. Any offsetting collections that would have been credited to the account prior to the time the account is canceled but that are received after the account is closed must be recorded in miscellaneous receipts in the Treasury. Any invoice reflecting a valid obligation that is received after an account has closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase, i.e., "current funds." ADA requirements still apply, and it is an ADA violation for disbursements to exceed 1% of an available current appropriation and/or the remaining balance of canceled unobligated funds for that account, apportionment, allotment, or suballotment (if issued). No-year budget authority usually stays in the unexpired phase until fully obligated and disbursed. However, when the purposes for which the authority was made available have been achieved, the account may be closed and the authority canceled.

1.7 The Authority to Execute NASA's Budget

1.7.1 NASA must have an authorization act that allows it to continue operations; be granted budget authority; have an approved apportionment; and if using appropriated funds, have a warrant from the Treasury that establishes the amount of moneys that may be withdrawn from the central accounts in order to execute the budget.

| [TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) |
[Chapter5](#) | [Chapter6](#) | [AppendixA](#) | [AppendixB](#) | [AppendixC](#) |
[AppendixD](#) | [AppendixE](#) | [AppendixF](#) | [ALL](#) |

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